

AMENDED IN ASSEMBLY JULY 7, 2015

AMENDED IN SENATE JUNE 2, 2015

AMENDED IN SENATE MAY 5, 2015

AMENDED IN SENATE APRIL 13, 2015

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 471

Introduced by Senator Pavley

February 26, 2015

An act to amend Section 39712 of the Health and Safety Code, *to add Section 25229 to the Public Resources Code, and to add Section 189.5 to the Water Code*, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 471, as amended, Pavley. Water, energy, and reduction of greenhouse gas emissions: planning.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions, commonly known as cap and trade revenues, to be deposited in the Greenhouse Gas Reduction Fund, and to be used, upon appropriation by the Legislature, for specified purposes, including the reduction of greenhouse gas emissions associated with water use and supply.

This bill would include reduction of greenhouse gas emissions associated with water treatment among the investments that are eligible for funding from the Greenhouse Gas Reduction Fund. The bill would also make legislative findings and declarations, and a statement of legislative intent, with regard to the nexus between water and energy and water and reduction of greenhouse gas emissions.

This bill would require the State Energy Resources Conservation and Development Commission, in cooperation with the State Water Resources Control Board, the State Air Resources Board, the Public Utilities Commission, and the Department of Water Resources to conduct a study of water-related energy use in California.

This bill would require the State Water Resources Control Board, in cooperation with the State Energy Resources Conservation and Development Commission, the State Air Resources Board, the Public Utilities Commission, and the Department of Water Resources to establish a grant and loan program for water projects that result in the net reduction of water-related greenhouse gas emissions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares all of the
2 following:

3 (1) Water and energy resources are inextricably connected. This
4 relationship is known as the water-energy nexus.

5 (A) The energy used to drive California's water system,
6 including, but not limited to, the fuels used to power groundwater
7 pumps, transportation, treatment and disposal systems for water
8 and wastewater, heating and cooling of water in buildings and
9 other facilities, ~~and the delivery of water to water, and end-users,~~
10 ~~uses,~~ accounts for nearly 20 percent of the total electricity ~~usage,~~
11 ~~usage and~~ 30 percent of nonpower-related natural gas consumed,
12 ~~and an unknown quantity of there are known gaps in quantifying~~
13 ~~greenhouse gas emissions associated with that energy production.~~
14 ~~use.~~

15 (B) The water used to drive California's energy system,
16 including, but not limited to, the water used to turn turbines for
17 hydropower, to produce steam and cooling systems for

1 thermoelectric power, and to extract and refine oil and gas,
2 represents a substantial portion of our state water demand.

3 (C) Consequently, saving water saves energy, and vice versa.

4 (D) Because the production of energy often results in the
5 emission of greenhouse gases, there is substantial potential for
6 emission reductions in the water system.

7 ~~(2) Planning for water use is often conducted without~~
8 ~~consideration of energy use or greenhouse gas emissions. Similarly,~~
9 ~~planning for energy and reduction of greenhouse gas emissions is~~
10 ~~often conducted without consideration of water resources. As a~~
11 ~~result, local and state agencies may not be identifying. While energy~~
12 ~~use has historically been a fundamental element in the planning~~
13 ~~and development of California's water supply systems, there are~~
14 ~~new opportunities for improving this linkage to reduce~~
15 ~~water-related greenhouse gas emissions. New projects that best~~
16 ~~serve water and energy investments to can maximize greenhouse~~
17 ~~gas emissions reductions.~~

18 (b) It is the intent of the Legislature, in enacting this act, to:

19 (1) More closely integrate the planning for water, energy, and
20 greenhouse gas emissions.

21 (2) Enable opportunities for innovative projects and programs
22 that reduce the greenhouse gas intensity of our water system in
23 order to access eligible funds.

24 SEC. 2. Section 39712 of the Health and Safety Code is
25 amended to read:

26 39712. (a) (1) It is the intent of the Legislature that moneys
27 shall be appropriated from the fund only in a manner consistent
28 with the requirements of this chapter and Article 9.7 (commencing
29 with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title
30 2 of the Government Code.

31 (2) The state shall not approve allocations for a measure or
32 program using moneys appropriated from the fund except after
33 determining, based on the available evidence, that the use of those
34 moneys furthers the regulatory purposes of Division 25.5
35 (commencing with Section 38500) and is consistent with law. If
36 any expenditure of moneys from the fund for any measure or
37 project is determined by a court to be inconsistent with law, the
38 allocations for the remaining measures or projects shall be
39 severable and shall not be affected.

(b) Moneys shall be used to facilitate the achievement of reductions of greenhouse gas emissions in this state consistent with Division 25.5 (commencing with Section 38500) and, where applicable and to the extent feasible:

(1) Maximize economic, environmental, and public health benefits to the state.

(2) Foster job creation by promoting in-state greenhouse gas emissions reduction projects carried out by California workers and businesses.

(3) Complement efforts to improve air quality.

(4) Direct investment toward the most disadvantaged communities and households in the state.

(5) Provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions.

(6) Lessen the impacts and effects of climate change on the state's communities, economy, and environment.

(c) Moneys appropriated from the fund may be allocated, consistent with subdivision (a), for the purpose of reducing greenhouse gas emissions in this state through investments that may include, but are not limited to, any of the following:

(1) Funding to reduce greenhouse gas emissions through energy efficiency, clean and renewable energy generation, distributed renewable energy generation, transmission and storage, and other related actions, including, but not limited to, at public universities, state and local public buildings, and industrial and manufacturing facilities.

(2) Funding to reduce greenhouse gas emissions through the development of state-of-the-art systems to move goods and freight, advanced technology vehicles and vehicle infrastructure, advanced biofuels, and low-carbon and efficient public transportation.

(3) Funding to reduce greenhouse gas emissions associated with land and natural resource conservation and management, forestry, sustainable agriculture, and the water sector, including, but not limited to, water use, supply, and treatment.

(4) Funding to reduce greenhouse gas emissions through strategic planning and development of sustainable infrastructure projects, including, but not limited to, transportation and housing.

(5) Funding to reduce greenhouse gas emissions through increased in-state diversion of municipal solid waste from disposal through waste reduction, diversion, and reuse.

(6) Funding to reduce greenhouse gas emissions through investments in programs implemented by local and regional agencies, local and regional collaboratives, and nonprofit organizations coordinating with local governments.

(7) Funding research, development, and deployment of innovative technologies, measures, and practices related to programs and projects funded pursuant to this chapter.

SEC. 3. Section 25229 is added to the Public Resources Code, to read:

25229. (a) The commission, in cooperation with the State Water Resources Control Board, the State Air Resources Board, the Public Utilities Commission, and the Department of Water Resources, shall conduct a study of water-related energy use in California.

(b) In conducting the study, the commission shall do all of the following:

(1) Hold at least two workshops to allow input by private and public water agencies and utilities, research institutions, environmental organizations, and other interested stakeholders.

(2) Include any source-specific data, to be anonymized to the extent necessary to protect business confidential information or security sensitive information.

(3) After considering existing studies and data sources, identify any existing data gaps.

(c) Nothing in this section shall be construed as imposing any new emissions regulations on the entities with which these water-related energy use emissions are associated.

SEC. 4. Section 189.5 is added to the Water Code, to read:

189.5. (a) The board, in cooperation with the State Energy Resources Conservation and Development Commission, the State Air Resources Board, the Public Utilities Commission, and the Department of Water Resources, shall establish a grant and loan program for water projects that result in the net reduction of water-related greenhouse gas emissions.

(b) Project categories eligible for funding under the program shall include, but need not be limited to, the following:

(1) Precision irrigation.

- 1 (2) *Infrastructure improvements that will help deliver*
2 *on-demand water for precision application.*
- 3 (3) *Local water solutions that reduce net energy use, including,*
4 *but not limited to, water recycling, stormwater capture and reuse,*
5 *and groundwater cleanup.*
- 6 (4) *Clean energy generation by the water sector.*
- 7 (5) *Leak detection.*
- 8 (6) *Water appliance efficiency.*
- 9 (7) *Water monitoring software.*
- 10 (c) *In order to be eligible for funding under the program,*
11 *projects shall result in the net reduction of water-related*
12 *greenhouse gas emissions.*
- 13 (d) *Any public funds made available for the program to private*
14 *water companies regulated by the Public Utilities Commission*
15 *shall be used for the benefit of the ratepayers or the public, and*
16 *not the investors of the companies, and shall be subject to oversight*
17 *by the Public Utilities Commission.*
- 18 (e) *The board may adopt guidelines and regulations necessary*
19 *or convenient to implement this section.*